



Federal Regulatory Affairs
2300 N St. NW, Suite 710 Washington DC 20037
www.Frontier.com

CORRECTED VERSION

March 20, 2012

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Re: *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *Connect America Fund*, WC Docket No. 10-90; *High Cost Universal Service Support*, WC Docket No. 05-337; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45

Dear Ms. Dortch:

On March 16, 2012, Kathleen Abernathy, Chief Legal Officer and Executive Vice President, Government and Regulatory Affairs, Frontier Communications, and the undersigned met with Michael Steffen, Legal Advisor to Chairman Genachowski; Sharon Gillett, Chief, Wireline Competition Bureau; Rebekah Goodheart, Associate Bureau Chief, Wireline Competition Bureau, and Travis Litman, Legal Advisor, Wireline Competition Bureau.

The participants discussed the Petition for Clarification that Frontier filed with Windstream,¹ which requested the Commission clarify that it did not intend to flash cut existing originating intrastate access rates for VoIP-terminating access traffic to the interstate rate level. Frontier explained the significant adverse effect such an action could have on revenue since there is no originating access transition currently in place that would harmonize originating intrastate or interstate rates. Further, such a rate change would create significant arbitrage opportunities as the originating provider cannot determine whether the call terminates to a VoIP provider or on the PSTN. The discussion was consistent with points made in the *Petition* and also the attached handout.

Frontier stressed that the clarification described above is the best path forward. However, should the Commission decide not to issue the proposed clarification as proposed, we discussed alternative measures that would be required. If the Commission decides that the interstate rate is the applicable end rate for the VoIP-PSTN traffic at issue, then the Commission also must allow originating carriers an adequate transition period to adjust to the revenue loss and/or provide a

¹ See Petition for Reconsideration and/or Clarification filed by Frontier Communications Corp. and Windstream Communications, Inc. ("*Petition*"), WC Docket 10-90, et al., at 21-29 (filed Dec. 29, 2011).

revenue recovery mechanism. Any recovery mechanism established for the access shift would need to be contained within the Universal Service Fund's new budget of \$4.5B, which includes Connect America Fund recovery.

The Commission could delay the effective date of the rate change for a number of years, specifically a two year delay in the effective date was discussed as a reasonable transition. This has the advantage of limiting additional recovery from the Fund and increasing the likelihood that the Commission will fully address the originating access transition already contemplated in the *Notice of Proposed Rulemaking*. In another scenario, the Commission would need to provide a recovery mechanism for lost originating access revenues immediately, which would impact the size of the Fund.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically with your office today.

Please feel free to contact me with any further questions.

Sincerely,

A handwritten signature in blue ink, reading "Michael Saperstein Jr.", with a stylized flourish at the end.

Michael D. Saperstein, Jr.
Director of Federal Regulatory Affairs
Frontier Communications
(202) 223-6807

cc: Michael Steffen
Sharon Gillett
Rebekah Goodheart
Travis Litman

Attachment